



DEPARTMENT OF THE ARMY

U.S. Army Corps of Engineers
WASHINGTON, D.C. 20314-1000

REPLY TO
ATTENTION OF:

CEMP-E (1110)

26 July 1996

MEMORANDUM FOR COMMANDERS, MAJOR SUBORDINATE COMMANDS

SUBJECT: Design-to-Cost

1. It has been brought to my attention that there is a wide-spread problem with our Air Force project designs going over the Programmed Amount (PA). The problem is compounded when our districts neglect to identify and highlight cost problems during the initial phases of the design process.
2. Although this concern was highlighted by the Air Force, it should be addressed during the project definition phase of all of our Corps projects. Only recently during a trip to the Pacific and Far East, General Lorber, Commanding General, PACAF, expressed concern about the Corps poor performance in matching the costs established during the initial design with the actual project costs.
3. In order to address this concern, we must place more emphasis on establishing a better working relationship between our designers (In-House or A/E), cost engineers and customers. They should work together as a team, starting as early as the authorization /appropriation phase and continuing this relationship throughout the construction life of the project. We must work with the customer to ensure that the design cost represents the actual scope of the initial programming estimate.
4. It is recognized that, in a real world situation, changes to project scope may be inevitable, and we must be responsive and sensitive to our customers' needs. When these situations occur, you must formally discuss the ramifications with your customer and establish an understanding as to the cost and schedule impact, much the same way that A-Es conduct business. This is the centerpiece of a new design funds management system called "Assured Pricing" which will be tested in FY97 at two districts and implemented Corps-wide in FY98.
5. The district commanders are personally responsible for enforcing this procedure and holding functional chiefs accountable for their performance.

FOR THE COMMANDER:

ALBERT J. GENETTI, JR.
Major General, USA
Director of Military Programs

CF:
Commanders, District Commands